

**University of Oregon
2009 Voluntary FTE Reduction/Donation Program
Phase Two: April 1, 2009**

FAQs - Frequently Asked Questions

General Information about the program:

1. What is the 2009 Voluntary FTE Reduction Program?

The 2009 Voluntary FTE Reduction Program is a temporary reduction in FTE to assist the University of Oregon to manage cuts in its state appropriation during the remaining months of the 2007-2009 biennium. The recommended reduction for participating employees who currently work 1.0 FTE is to reduce their FTE to 0.954 FTE, resulting in a 4.6% reduction that corresponds to the 8 hours per month reduction required of leadership in other state agencies. Although this is the preferred amount, a lesser reduction or contribution will be welcome and appropriate. For retirement considerations or personal financial reasons, some employees may choose to donate to the university rather than reducing their FTE. Please see questions 22, 23, and 24 for more information on this option.

2. What is the purpose of the Voluntary FTE Reduction Program?

This voluntary program is one of many tools available to offset budget reductions necessary to balance the 2007-2009 budget.

3. To whom does this program apply?

As of April 1, 2009, all unclassified employees (i.e. officers of instruction, research, and administration) may participate in the program. Phase One of the program, effective March 1, was available to only senior university leadership, but now has been expanded to encompass all unclassified employees.

4. Why is this program voluntary?

We recognize that unclassified employees have a wide array of personal, financial, and professional obligations. In recognition of these responsibilities, flexibility is built into this plan to foster a commitment to share in, and contribute to, the resolution of the financial challenge affecting the system and the State of Oregon. An employee's decision to participate or not to participate will have no employment consequences.

Participation information:

5. How do I elect to participate in the Voluntary FTE Reduction Program?

Complete the 2009 Voluntary FTE Reduction Program Election Form and obtain your supervisor's signature (see question 7), and fax or deliver it to the Payroll Office by April 15, 2009. Your earnings statement will reflect your reduced pay or additional deduction/donation effective April 1, 2009.

6. Can I elect to participate in the Voluntary FTE Reduction Program after the April 15 due date?

Yes, you have the option of beginning the voluntary FTE reduction in a later month by so indicating on the form. In addition, an FTE reduction election that is received after the payroll cutoff date in any month will be effective the first of the following month. Voluntary FTE Reduction requests will not be accepted after June 11, 2009.

7. Do I need supervisory approval to participate in the program?

You need supervisory approval if you are voluntarily reducing your FTE because it will have operational implications. If you choose the donation option, you do not need your supervisor's approval.

FTE reduction, work schedule and overtime:

8. Is an FTE reduction the same as a temporary reduction in salary?

No. An FTE reduction allows the person to work fewer hours in return for agreeing to a reduction in pay. The salary rate, expressed as the amount earned at 1.0 FTE on an annual basis, remains unchanged. The employee's gross pay, however, is reduced by the amount of the FTE reduction. In this voluntary program, both FTE and gross pay are reduced to reflect the reduction in FTE in each of the months that the Voluntary FTE Reduction program is in effect.

9. Is FTE reduction the same as a taking leave without pay?

No. An FTE reduction is not reportable leave, but is an earnings change and will be recorded as "FTE Change -Temporary" on payroll records.

10. When I elect to participate in the 2009 Voluntary FTE Reduction program, how will my work schedule be adjusted?

The answer to this question depends on your Fair Labor Standards Act (FLSA) designation. Employees who are exempt from FLSA overtime provisions work the number of hours it takes to get the job done and are not eligible for overtime. It is not uncommon for FLSA-exempt employees to work more than 40 hours per week. Employees who are FLSA non-exempt are eligible for overtime. Most unclassified employees are FLSA-exempt. To find out if you hold a position that is exempt or non-exempt, please check with your departmental payroll/human resources representative or call Kerry Davis in Human Resources, 6-2959.

If you are an FLSA-exempt employee whose work schedule is not based on an hourly basis, the net effect of the FTE reduction may be a reduction of time available to carry your job responsibilities. You will need to work with your supervisor to identify and address those duties that must be completed within your newly reduced schedule to maintain departmental or unit operations.

If you are an FLSA non-exempt employee, you will need to take time off that corresponds to the amount of your FTE reduction. For example, if your reduction amounts to 8 hours per month, you will schedule 8 hours off each month, during which you are not allowed to work and for which you will not be paid.

11. May I choose days and/or hours to remove from my regular work schedule to reduce my FTE?

Your supervisor will work with you to establish a plan that will assist you while minimizing disruption to regular functions and operations in your department/unit. To the extent possible, schedules and workload reduction will be developed consultatively.

12. May an employee work overtime during the period of Voluntary FTE Reduction?

FLSA-exempt employees are exempt from overtime and not affected by questions of overtime. For the program, the goal is to maintain the integrity of your Voluntary FTE Reduction that anticipates your paid work is reduced. This program affects your FTE, not your status as an exempt or non-exempt employee. FLSA non-exempt employees may be required to work overtime for operational reasons and with supervisory authorization and will be compensated appropriately.

Effect on benefits:

13. What effect will the Voluntary FTE Reduction have on my benefits?

- A. PEBB Health Insurance.** Your health and welfare benefits eligibility and contributions will not be affected, so long as you have at least 50% paid time (including paid vacation or sick leave) in each month.
- B. PERS and ORP Pension Plans.** The FTE reduction will reduce contributions -- both the employer contribution and the 6% "employee" contribution that is picked up for you -- as a result of the reduction in your salary. The contribution rate (percent of salary) is not reduced, but the dollar amount will decline due to your reduction in FTE.

For PERS members, the Voluntary FTE Reduction and associated wage reduction will affect the Final Average Salary (FAS) calculation that could determine your PERS/OPSRP retirement allowance, depending on the calculation used. The FAS is based on your highest 3 years' salary and any reduction in pay could affect the "high three years" value. In addition, your contribution to Individual Account Program (IAP) will also be lower.

- C. Voluntary Retirement Savings Plans.** Salary deferrals that you make to the voluntary supplemental retirement plans -- the Tax-Deferred Investment 403(b) Plan (TDI) or Oregon Savings Growth Plan -- may be a percent of salary that will decline when your FTE is reduced. When your base salary changes due to the Voluntary FTE Reduction, you may adjust your pre- and post-tax deferral amounts. Changes in your retirement savings plan deferral must be made by the 10th of the month in which they are to be effective.
- D. Sick Leave and Vacation Accrual.** New temporary OUS rules, adopted specifically for this voluntary reduction program, provide that your rate of sick and vacation leave accruals will be unchanged from your pre-participation accrual rate during the Voluntary FTE Reduction Program.

Information about leaves:

14. May I use vacation or sick leave to make up for the reduction in worked hours?

No. The purpose of the FTE reduction is to reduce expenses and to provide a means to address critical operating fund shortfalls caused by a reduction or elimination of funds.

15. If I use sick or vacation leave during in the 2009 Voluntary FTE Reduction Program, how should I report the hours?

Paid leave usage during this period is reported up to the maximum number of hours you would have otherwise worked on a regularly scheduled work day or week. For example, if you are full-time and took a day of sick leave, you report a day of sick leave as 8.0 hours. Please note your monthly accrual of 8 hours will not be reduced despite the reduced FTE.

16. If I leave employment during the 2009 Voluntary FTE Reduction period, at what rate will my accrued vacation be paid out?

Your vacation payout will be based on your actual accrued hours, up to the 180-hour limit under OAR 580-021-0030(7), at your current rate of pay. FTE reduction does not affect this payout.

17. Will my participation in the 2009 Voluntary FTE Reduction Program affect my holiday pay?

Holidays are paid at the same rate as regular work days while the FTE reduction is in effect. Your election to reduce your FTE during this period applies to holidays and holiday pay.

18. How will the Program impact an employee who is on Family and Medical Leave Act (FMLA) or Oregon Family Leave Act (OFLA) qualifying leave?

An employee who elects to participate in the 2009 Voluntary FTE Reduction Program and then goes on FMLA/OFLA-qualifying leave will not be required to pro-rate the FMLA/OFLA available leave to reflect the FTE reduction. The full amount of leave permitted under FMLA or OFLA will be available to an employee who worked at 1.0 FTE during the prior 12 months.

Effect on tenure, sabbatical, overload, and stipends:

19. Will a voluntary FTE reduction affect the timing of tenure or sabbatical?

No. The amount of time involved in the voluntary FTE reduction is minimal and will not affect either the tenure or sabbatical time periods.

20. How does the Voluntary FTE Reduction Program affect overload appointments?

An employee who is employed in excess of 1.0 FTE through an overload appointment at UO or another OUS institution must notify the overload-sponsoring institution at the time the employee elects to participate in the 2009 Voluntary FTE Reduction program. The institution offering the overload appointment is responsible for applicable OPE, including retirement contributions, up to 1.0 FTE.

21. I am currently receiving a stipend in addition to my regular salary. How would a voluntary FTE reduction be calculated on my salary plus stipend?

The FTE reduction would apply only to your regular salary, not the stipend.

22. I am on sabbatical this year, earning 60% of my salary. If I want to take a 4.6% FTE reduction, how would that be calculated and reflected on the form?

Your salary is reduced to 60% and the 4.6% reduction taken on that. The form would read:

"I hold a .60 FTE appointment and am voluntarily requesting a .046 reduction in FTE for the remainder of the fiscal year, ending June 30, 2009, to .554 FTE. "

Donation option:

23. May I donate a portion of my salary to the university in lieu of taking a reduction in FTE?

Yes. This option may be appealing to employees who are nearing retirement, have personal financial reasons to maintain their salary at its current rate, or whose salary is paid from a grant, endowment, or other restricted funding source. You may donate an amount comparable to an FTE reduction to the university through a payroll deduction. The website listed above will help you calculate the appropriate amount for a specific FTE reduction. A contribution to the UO is considered a charitable contribution. The tax rules that govern other charitable contributions will also affect your donation. If you have questions, you should seek advice from a tax advisor.

23. Will I receive a receipt for my donation?

The donation amount will be listed as a charitable contribution on the employee's earnings statement. No additional gift receipt will be issued by the university.

24. May I donate a flat dollar amount that does not correspond to an FTE reduction?

Yes. If you choose to donate in this way, we ask that you donate a dollar amount of at least \$25 per month.

Funding sources:

25. Does the 2009 Voluntary FTE Reduction apply to employees who work on grant-funded projects?

If you are paid from sponsored research or grant funds, you may not elect a reduced FTE option. You may, however, participate in the Donation Option described in question 21. Please confer with Moira Kiltie at 346-3138 if you have questions.

26. Is it appropriate for all employees to participate in the 2009 Voluntary FTE Reduction Program regardless of funding sources (restricted or unrestricted sources)?

It is expected that the Voluntary FTE Reduction Program will be consistently applied in compliance with Federal OMB Circular A-21. If you are the recipient of an endowed chair you may participate. However, the portion supported by endowment will not be taken into account for a reduced FTE. Employees paid from restricted funding sources (e.g. grants, contracts, endowments, etc.) will need to exercise the Donation Option under this program. This is because the university is unable to utilize salary savings on restricted funding sources to offset general fund budget reductions.

Other questions:

27. May I request more than the 4.6% Voluntary FTE Reduction through this program?

Yes, but that is subject to the approval of your supervisor and is not recommended.

28. May employees volunteer to take an FTE reduction on behalf of another employee?

No. Each employee may only take the 4.6% FTE reduction (or equivalent reduction if part time) and may volunteer only on her or his own behalf.

29. Is my participation in this Voluntary FTE Reduction Program confidential personnel information?

Public officials' wages are public information. Your reduced FTE will be subject to public records law.

30. Will a newly hired employee be affected by the Voluntary FTE Reduction program?

Anyone who is hired during the FTE reduction period between April 1 and June 30, 2009, into an eligible position may elect to participate.

31. May an employee receive unemployment benefits to cover the loss of compensation due to the Voluntary FTE Reduction?

A voluntary FTE reduction would not qualify for unemployment benefits.

32. Will the 2009 Voluntary Pay Reduction Program continue past June 30, 2009?

This and other cost reduction programs remain to be determined, based on revenue projections of the state and other measures that may be taken by the university system and individual campuses. By participating in this voluntary program, each person who elects to voluntarily reduce FTE contributes toward resolution of the fiscal shortfall that we face at the end of the 2009 fiscal year. Your agreement to

participate in the current program that concludes on June 30, 2009, is not a commitment to participate in any subsequent voluntary programs.

33. Whom do I contact with questions?

- a. Questions on the Voluntary FTE Reduction Program and its administration can be directed to Linda King, Associate Vice President for Human Resources, at 346-2966; llking@uoregon.edu.
- b. Questions on payroll implications of the program go to Judy Duff, Payroll Manager, Business Affairs Office, at 346-1104; JudyDuff@uoregon.edu.
- c. A website has been set up to provide program information and calculation assistance in estimating the salary impact of your decision at: <http://brp.uoregon.edu/fte-reduction>.